

Message Text

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46

ACTION EA-14

INFO OCT-01 EUR-25 NEA-10 ADP-00 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15

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PRS-01 RSR-01 /200 W

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R 300818 Z APR 73

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 2741

INFO AMEMBASSY COLOMBO

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY SAIGON

AMEMBASSY PAIPEI

AMEMBASSY PARIS

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E. O. 11752: N/ A

TAGS: ELAB, EGEN, TH, RP, KS, (TAIWAN), VA, (MALAYSIA),

SN, CE

SUBJ: SEA GOVERNMENT RESTRICTIONS ON FOREIGN INVESTMENT:

A BRIEF COMPARISON

RER: A. COLOMOB 872

B. KUALA LUMPUR 1102

C. SINGAPORE 1222

D. SAIGON 04752

E. TAIPEI 1803

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F. SEOUL 1683

G. MANILA 3298

H. BANGKOK 4051

I. BANGKOK 6122

PARIS FOR USDEL CONSULTATIVE GROUP ON THAILAND

1. SUMMARY. BASED ON REFTELS AND AIR POUCHED MATERIAL RECEIVED EXISTING RESTRICTIONS ON FOREIGN INVESTMENT IN SEVEN SEA COUNTRIES NOT SERIOUS IMPEDIMENT. (THIS DOES NOT INCLUDE SIR LANKA WHICH HAS SUBSTANTIAL RESTRICTIONS AND IS NOT INCLUDED IN COMPAIRSON.) REW RESTRICTIONS SERIOUSLY HAMPER U. S. INVESTMENT IN SEA ALTHOUGH FUTURE INTERPRETATIONS IN IMPLEMENTING PRESENT RESTRICTIONS MAY HAVE ADVERSE EFFECT. END SUMMARY.

2. EFFECT OF RESTRICTIONS ON INVESTMENT CLIMATE. NO INFORMATION RECEIVED REFTELS INDICATED RESTRICTIONS HAD NEGATIVE EFFECT ON FOREIGN INVESTMENT IN SEA ALTHOUGH SEVERAL REPORTED SIGNS OF INCREASING STRICNESSS IN IMPLE-
MENTATION OF EXISTING LAWS. ROK WITH 1966 FOREIGN CAPITAL INDUCEMENT LAW, MALAYSIA WITH INVESTMENT INCENTIVE ACT OF 1968, AND ROC OFFER FEW RESTRICTIONS. IN SINGAPORE, FOREIGN INVESTORS STILL ARE PRACTICALLY PROBLEM- FREE, BUT THERE IS INCREASING SELECTIVITY IN CERTAIN AREAS OF INVEST-
MENT. PHILIPPINE TREATMENT IS EXPLAINED AS ATYPICAL BECAUSE OF CLOSE BILATERAL RELATIONSHIP AND TREATMENT OF U. S. CITI-
ZENS AS NATIONALS BASED ON LAUREL LANGLEY TREATY EXPIRING 1974.

GVN LAW OF JUNE 1972 ENTITLED " LAW FOR THE ENCOURAGEMENT OF INVESTMENT IN VIETNAM" IS VERY LIBERAL AND, WHEN COMBINED WITH HOPEFUL CESSATION OF HOSTILITIES, SHOULD GIVE VIETNAM ONE OF THE MOST ATTRACTIVE INVESTMENT CLIMATES IN SEA .

IN THAILAND, FULL RANGE INCENTIVES AVAILABLE FOR PROMOTED INDUSTRIES FOR WHICH RESTRICTIONS NEW ALIEN BUSINESS AND OCCUPATION LAWS NOT APPLICABLE. HOWEVER, UNTEL UN-
CERTAINTIES WITH REGARD IMPLICATIONS OF THESE LAWS, DEFINITIONS SPECIFIC BUSINESSES AND OCCUPATIONS CONTROLLED UNDER THOSE LAWS, AND RELATED POSSIBLE AMBIGUITIES IN
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THEIR IMPLEMENTATION ARE RESOLVED, THAILAND' S INVESTMENT CLIMATE WILL REMAIN TROUBLED FOR SERVICE- TYPE ACTIVITIES AND INDUSTRIES WITHOUT PROMOTION STATUS.

3. RESTRICTIONS PRECLUDING FOREIGN INVESTMENT IN SPECIFIC AREAS.

ALL REFTLES, EXCEPT MALAYSIA AND SINGAPORE, LISTED SPECIFIC SECTORS OF COUNTRIES' ECONOMIES IN WHICH FORIEGN INVESTMENT IS PROHIBITED. IN SINGAPORE SPECIAL PERMISSION MUST BE GRANTED TO OPERATE IN SOME FIELDS. RESTRICTIONS BY ALL COUNTRIES LARGELY INVOLVE AREAS TRADITIONALLY RESERVED FOR NATIONALS (PUBLIC UTILITIES, COMMUNICATIONS, ETC). PHILIPPINES WOULD SEEM TO SEEM TO BE MOST RESTRICTIVE IN THIS SENSE FOLLOWED BY KOREA.

4. DIFFERENCE IN TREATMENT FOR DESIRED INDUSTRIES.

SPECIAL INCENTIVES ARE GIVEN IN SINGAPORE TO "PIONEER STATUS" INDUSTRIES WHICH ARE MOSTLY IN HIGH TECHNOLOGY AREAS. MALAYSIA ALSO USES TERM "PIONEER STATUS" WITH QUALIFIED INDUSTRIES FACED WITH FEW, IF ANY, RESTRICTIONS. GOP WILL GIVE INCENTIVES TO INVESTORS IN "PREFERRED" AREAS WHICH LACK FILIPINO INVESTORS BUT MUST AGREE TO FILIPINIZE IN SPECIFIC TIME FRAME. THAILAND'S NEW ALIEN BUSINESS AND OCCUPATION LAWS WILL NOT RESTRICT THOSE INVESTORS WHICH HAVE RECEIVED PROMOTION CERTIFICATES FROM THE BOARD OF INVESTMENT.

5. RESTRICTIONS ON PERCENT OF EQUITY HELD BY FOREIGN INVESTMENT.

THAILAND, SOUTH VIETNAM, TAIWAN AND SINGAPORE HAVE NO GENERAL RESTRICTIONS ON 100 PCT. FOREIGN PARTICIPATION. MALAYSIA NORMALLY ALLOWS MAXIMUM OF 49 PCT. FOREIGN CONTROL BUT IN SPECIFIC CASES MIGHT AUTHORIZE UP TO 100 PCT. PHILIPPINES RESTRICTS, BY LEGISLATION, PERCENTAGE OF FOREIGN CONTROL IN VARYING DEGREES ON SPECIFIC AREAS.

6. RESTRICTIONS ON ALIEN EMPLOYMENT.

VARIOUS DEGREES OF RESTRICTION WERE MENTIONED IN SEVERAL REFTELS. WORK PERMITS ARE ISSUED BY GVN, GOM, GOS, AND RTG. GOM ISSUES PERMITS ON CASE BY CASE BASIS AND RECENTLY A NUMBER OF U. S. FIRMS HAVE EXPERIENCED DIFFICULTY IN OBTAINING PERMITS FOR THEIR PERSONNEL. GVN ALSO ISSUES PERMITS ON CASE BY CASE BASIS ALTHOUGH FOREIGNERS WHO ARE PROPRIETORS OF THEIR OWN FIRMS, OR ARE SELF-EMPLOYED PROFESSIONALS OR SKILLED WORKERS DO NOT NEED PERMITS. GOS ISSUES WORK PERMITS, PROFESSIONAL VISIT PASS OR EMPLOYMENT PASS DEPENDENT OF OCCUPATION BUT ALIENS MUST NOW PROVE THEY CAN MAKE A CONTRIBUTION TO SINGAPORE'S ECONOMY BEFORE PERMIT IS ISSUED.

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IN THAILAND, ALIENS ARE BUSY REGISTERING WITH THE GOVERNMENT. RTG LIST OF BANNED OCCUPATIONS INCLUDES LAWYERS, ARCHITECTS, ENGINEERS AS WELLAS OTHER PROFESSIONS. EMBASSY STILL ATTEMPTING TO CLARIFY DEFINITION OF OCCUPATIONS LISTED AND DEGREE OF PROTECTION PROVIDED BY A. E. R. TREATY WITH U. S. GOP USES SAME PROCEDURES AS USG FORCING THOSE WHO SEEK EMPLOYMENT TO OBTAIN IMMIGRANT STATUS FIRST UNLESS THEY QUALIFY FOR TEMPORARY TREATY TRADER VISA OR HAVE PRIOR GOVERNMENT APPROVAL.

ALL SEA COUNTRIES ARE MOVING TOWARDS MORE RESTRICTIONS ON ALIEN EMPLOYMENT AS THEIR OWN NATIONS OBTAIN THE NECESSARY SKILLS AND EDUCATION.

7. COMMENT: EMBASSY APPRECIATES RESPONSES TO ITS REFTEL FROM ADDRESS POSTS. WHILE THEY WERE HELPFUL AND INFORMATIVE, THEY OBVIOUSLY VARIED A GREAT DEAL IN COVERAGE AND DETAIL WHICH MAKES COMPARISON DIFFUCULT, ESPECIALLY IN RELATIVE DEGREE OF RESTRICTIVENESS. EMBASSY' S ABOVE RESURE MIGHT THUS ELICIT SOME VALID OBJECTIONS OR EXCEPTIONS FROM SOME POSTS.

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